

Antony Waste Handling Cell Limited: An Integrated Play on India's Structural Waste Management Imperative

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Investment Summary & Recommendation

We initiate coverage on Antony Waste Handling Cell Limited (AWHCL) with a **BUY** recommendation and a 12-month price target of ₹738, implying an upside of approximately 32% from the current market price of ₹560.35 as of September 27, 2025.¹ Our investment thesis is predicated on the view that the market is currently mispricing AWHCL by disproportionately focusing on the legal and regulatory overhang concerning its critical Kanjurmarg facility, while significantly underappreciating the tangible progress in its strategic pivot towards higher-margin Waste-to-Energy (WtE) and processing businesses. The company's improving credit profile, demonstrated execution capabilities, and the powerful secular tailwinds of urbanization and formalization within the Indian waste management sector are not being adequately reflected in the current valuation.

The market's apprehension is understandable, given the stock's significant decline of approximately 35% from its 52-week high.³ However, this price action has created a compelling valuation disconnect. While near-term sentiment is clouded by the Kanjurmarg litigation, a deeper analysis reveals a resilient business model underpinned by long-term contracts, a strategic shift towards value-added services, and recent major contract wins, such as the ₹3,200 crore WtE projects in Andhra Pradesh, which fortify its future growth trajectory.¹

A notable divergence in investor sentiment supports this thesis. Over the past year, while public and retail sentiment has likely soured in response to negative headlines and price momentum, institutional investors have been actively increasing their stake. In the quarter ending June 2025, Foreign Institutional Investors (FIIs) increased their holding from 10.99% to 13.09%, and Mutual Funds raised their stake from 1.83% to 2.25%.⁴ This accumulation by institutional capital, which typically engages in deeper, long-term fundamental analysis, suggests a belief that the current risks are either priced in or manageable, and that the underlying value proposition remains intact.

Valuation Summary

Our price target of ₹738 is derived from a Discounted Cash Flow (DCF) analysis, which captures the long-term cash generation potential of AWHCL's existing and forthcoming projects. On a relative basis, AWHCL trades at a trailing twelve-month (TTM) Price-to-Earnings (P/E) multiple of approximately 18.6x, which appears reasonable compared to the broader industry and its own growth prospects.¹ The significant discount to analyst price targets, with some as high as ₹738, further corroborates our view that the stock is undervalued.⁷

Key Catalysts

- **Favorable Supreme Court Ruling:** A stay order or a favorable final judgment from the Supreme Court regarding the Kanjurmarg landfill would serve as a major de-risking event,

likely triggering a significant re-rating of the stock.⁵

- **Execution of WtE Projects:** The successful and timely commissioning of the new large-scale WtE projects in Andhra Pradesh will validate the company's high-margin growth strategy and significantly enhance its revenue and profitability profile.⁵
- **Improvement in Working Capital:** A tangible reduction in receivable days from municipal corporations would improve cash flows, reduce reliance on debt, and strengthen the balance sheet, addressing a key investor concern.
- **Subsidiary Merger Synergies:** The successful merger and integration of its wholly-owned subsidiary, AG Enviro, is anticipated to unlock operational efficiencies and cost savings, directly benefiting the bottom line.⁹

Primary Risks

- **Adverse Kanjurmarg Ruling:** An unfavorable final ruling from the Supreme Court could lead to the cessation of operations at the facility that processes approximately 90% of Mumbai's waste, posing a material threat to a major and long-standing revenue stream.⁵
- **Deterioration in Receivables:** Persistent delays in payments from municipal bodies, a structural industry issue, could further strain liquidity and necessitate higher leverage to fund operations and growth.¹¹
- **Execution and Contract Risk:** The business is exposed to execution risks, including potential delays or cost overruns in new capital-intensive projects. Furthermore, its tender-based model means that contract renewals are not guaranteed.

Shareholding Pattern Analysis (Last 10 Quarters)

The evolution of AWHCL's shareholding structure provides a compelling narrative. Promoter holding has remained steadfast at approximately 46%, signaling strong conviction and long-term commitment from the founding management.⁴ More revealing is the recent activity among institutional investors.

Quarter	Promoter (%)	FII (%)	DII (incl. MF) (%)	Public & Others (%)
Jun 2025	46.09	13.09	3.68	37.14
Mar 2025	46.09	10.99	3.31	39.61
Dec 2024	46.09	10.51	3.08	40.32

Sep 2024	46.07	11.36	4.01	38.56
Jun 2024	46.07	10.79	5.14	38.00
Mar 2024	46.07	11.94	6.61	35.38
Dec 2023	46.07	12.41	4.19	37.33
Sep 2023	46.23	13.81	4.08	35.88
Jun 2023	46.23	13.08	4.03	36.66
Mar 2023	46.23	13.07	3.93	36.77

Source: Compiled from exchange filings and market data providers.⁴ DII includes Mutual Funds and Other Domestic Institutions.

The data reveals a clear trend: as the stock price corrected from its highs in late 2024, public shareholding increased, likely as some institutional investors trimmed positions. However, a reversal occurred in the first half of 2025. Despite continued price weakness and negative news flow surrounding the Kanjurmarg site, both FIIs and DIIs (led by mutual funds) significantly increased their holdings in the June 2025 quarter.⁴ This pattern suggests that while short-term market participants and retail investors may be reacting to headline risk, long-term institutional capital is accumulating the stock at what it perceives to be attractive levels. This divergence often precedes a fundamental re-evaluation of a company's prospects by the broader market.

Company & Business Analysis: An Integrated Waste Management Leader

Corporate Profile & History

Antony Waste Handling Cell Limited has established itself as a formidable player in the Indian Municipal Solid Waste (MSW) management industry over more than two decades.¹⁹ The company's journey began with its incorporation as 'Antony Waste Handling Cell Private Limited' on January 17, 2001.²⁰ Recognizing the need for greater capital to fuel its expansion, the

company converted into a public limited entity in December 2018 and subsequently launched its Initial Public Offering (IPO), listing on the National Stock Exchange (NSE) and BSE Limited (BSE) on January 1, 2021.²⁰

The company is spearheaded by its experienced promoters: Jose Jacob Kallarakal, Shiju Jacob Kallarakal, and Shiju Antony Kallarakkal, whose long-standing presence in the sector has been instrumental in building deep-rooted relationships with municipal corporations across India.²⁰ The promoter group also includes corporate entities such as Antony Motors Private Limited and Antony Garages Private Limited, reflecting the group's origins and diversified interests.⁴

Today, AWHCL is one of the top five integrated waste management companies in India, with a comprehensive service portfolio spanning the entire MSW value chain.²³ Its operations are substantial, handling over 5 million tonnes of waste annually and serving a population of millions across more than 24 municipalities.¹⁹

Business Model Deep Dive

AWHCL's business model is structured around providing a full spectrum of MSW services, which are broadly categorized into three key segments. This integrated approach allows the company to capture value at multiple points in the waste management lifecycle. For the fiscal year 2024 (FY24), the revenue was segmented as follows: Collection & Transportation (62%), Waste Processing (23%), and other ancillary services (15%).¹² A strategic shift is evident, with the higher-margin processing segment's contribution growing to 28% by the first quarter of fiscal year 2026 (Q1FY26).²⁶

Collection & Transportation (C&T)

This segment forms the backbone of AWHCL's operations and its largest revenue contributor. It involves the primary collection of MSW from residential households, commercial establishments, and community bins, followed by its transportation to processing facilities or landfills.²² This is a logistics-intensive, volume-driven business characterized by long-term contracts with municipal corporations. While essential for securing feedstock for its other businesses, the C&T segment is generally associated with lower margins compared to value-added processing activities.

MSW Processing & Value-add

This segment represents a crucial step up the value chain. After collection, the waste is transported to processing facilities where it undergoes sorting, segregation, and treatment. AWHCL converts this waste into economically valuable products, primarily:

- **Compost:** Organic waste is processed to create compost, which is sold for agricultural and horticultural use.

- **Refuse-Derived Fuel (RDF):** The combustible fraction of non-recyclable dry waste is converted into RDF, which serves as an alternative fuel source for energy-intensive industries like cement kilns.

The company has demonstrated significant success in this area, achieving record annual sales for both compost and RDF in FY25. Notably, compost sales nearly doubled year-over-year, indicating growing market acceptance and an effective monetization strategy.⁹ This segment also includes emerging opportunities like the bio-mining of legacy landfills, which involves scientifically processing and reclaiming land from old dumpsites.¹⁰

Waste-to-Energy (WtE)

WtE is the most technologically advanced, capital-intensive, and highest-margin segment of AWHCL's business. It involves the controlled combustion of non-recyclable waste to generate steam, which in turn drives turbines to produce electricity. This process not only reduces the volume of waste sent to landfills by up to 90% but also creates a source of renewable energy.

AWHCL's flagship WtE plant at Pimpri-Chinchwad (PCMC) near Pune is a testament to its execution capability. In its first year, the plant achieved a Plant Load Factor (PLF) of 71%, surpassing the industry average of 60%.²⁹ Its performance has since accelerated, reaching a remarkable PLF of approximately 90% in Q4FY25.⁹ This operational excellence is not merely an internal achievement; it functions as a powerful strategic asset. This proven track record significantly de-risks the company's profile when bidding for new, large-scale WtE projects. For municipal clients and project financiers, the demonstrated success of the PCMC plant provides tangible proof of AWHCL's ability to execute complex projects efficiently. This reduces perceived execution risk, giving AWHCL a distinct competitive advantage over rivals who may lack a comparable operational history. This success directly enhances the bankability of future projects, potentially leading to more favorable financing terms and a higher win rate in competitive tenders, creating a virtuous cycle of growth.

Furthermore, the WtE business opens up new revenue streams. The PCMC project is now registered to qualify for Extended Producer Responsibility (EPR) credits, allowing the company to monetize its environmental contribution and create a sustainable, high-margin income source.³⁰

Strategic Initiatives & Future Growth

AWHCL is actively pursuing a multi-pronged strategy to drive future growth and enhance shareholder value.

- **Vertical Integration and Margin Expansion:** The company is making a deliberate strategic shift away from being a pure-play C&T provider towards becoming a fully integrated waste processing and energy generation company. The increasing revenue

share from the processing and WtE segments is clear evidence of this strategy in action, which is designed to drive long-term margin expansion.¹⁰

- **Merger of AG Enviro:** Management has initiated the process of merging its large, wholly-owned subsidiary, AG Enviro Infra Projects, with the parent company. This corporate restructuring is expected to streamline operations, eliminate administrative redundancies, improve cost-effectiveness, and enhance overall financial stability, positioning the consolidated entity for more robust growth.⁹
- **Diversification into Non-Municipal Areas:** To mitigate the risks associated with a high dependence on municipal contracts, particularly the perennial issue of delayed payments, AWHCL is actively exploring diversification into non-municipal waste streams. Management has indicated an interest in areas such as vehicle scrapping and tyre recycling, which would provide a more diversified and potentially more reliable customer base.⁹
- **Ambitious Growth Targets:** The management has articulated a clear vision for growth, targeting an aggressive 25% year-on-year revenue growth over the next four to five years, while aiming to maintain its current healthy EBITDA margin profile.¹⁰ This signals strong confidence in its project pipeline and execution capabilities.

Industry Overview & Competitive Positioning

The Indian Waste Management Opportunity

The waste management sector in India is at an inflection point, transitioning from a rudimentary, government-run service to a structured, technology-driven industry with significant private sector participation. This transformation is fueled by a confluence of powerful economic, social, and regulatory drivers.

Market Size & Growth

The market opportunity is immense. India is one of the world's largest generators of Municipal Solid Waste (MSW), producing over 62 million tonnes annually. This figure is projected to surge to 165 million tonnes by 2030 due to rapid urbanization, rising income levels, and changing consumption patterns.³² Historically, waste management has been grossly inadequate, with less than a quarter of the waste being processed and the majority being dumped in unscientific landfills.³² This gap between waste generation and processing capacity represents a multi-billion-dollar market opportunity. Various market research reports project the Indian waste management market to grow at a Compound Annual Growth Rate (CAGR) of 5.8% to 12.5% over the next decade, with market size estimates reaching between USD 18 billion and USD 54 billion by 2030-2033.³⁴

Key Industry Drivers

- **Urbanization and Economic Growth:** India's urban population is expanding rapidly, leading to higher waste generation per capita. This demographic shift is the fundamental demand driver for the industry.³²
- **Government Initiatives:** The Government of India's flagship **Swachh Bharat Mission-Urban (SBM-U 2.0)** has been a game-changer. By linking central government funding for municipalities to their performance on waste processing milestones, the policy has created a strong financial incentive for Urban Local Bodies (ULBs) to adopt scientific waste management practices and engage professional private sector players.³²
- **Regulatory Push for a Circular Economy:** There is a clear policy shift away from the linear "take-make-dispose" model towards a circular economy that emphasizes recycling, resource recovery, and energy generation from waste. Regulations such as the Solid Waste Management (SWM) Rules, 2016, and various Extended Producer Responsibility (EPR) mandates are forcing stakeholders to adopt more sustainable practices, creating new business opportunities in recycling and WtE.³³
- **Technology and Private Investment:** The sector is witnessing increased adoption of technology for route optimization, waste tracking, and advanced processing. This, combined with the development of Public-Private Partnership (PPP) models, is attracting significant private investment into the sector.³⁴

Industry Challenges

Despite the positive outlook, the industry grapples with significant challenges. Chronic under-funding of municipal bodies leads to delayed payments to service providers, straining their working capital.³⁴ The lack of effective source segregation of waste at the household level (compliance is below 25%) reduces the efficiency of processing plants and the quality of recovered materials.³⁴

Porter's Five Forces Analysis of the Indian MSW Industry

A structured analysis of the competitive forces within the industry reveals a complex and challenging landscape.

- **Threat of New Entrants (Medium):** Barriers to entry are segment-dependent. The basic Collection & Transportation (C&T) segment has relatively low barriers. However, for integrated waste management, and particularly for capital-intensive projects like scientific landfills and WtE plants, the barriers are high. These include substantial capital investment, the need for deep technical expertise, stringent regulatory approvals, and the crucial requirement of established relationships with municipal bodies to win long-term contracts.⁴²
- **Bargaining Power of Buyers (High):** The primary buyers in the MSW sector are municipal corporations and other government bodies. These buyers are large, concentrated, and

award contracts through a highly competitive, tender-based bidding process, which gives them significant power to dictate prices. Furthermore, their track record of delayed payments creates a power imbalance, adversely affecting the financial health of service providers.¹¹

- **Bargaining Power of Suppliers (Low to Medium):** Key suppliers to the industry include manufacturers of specialized vehicles (e.g., compactors), equipment providers, and labor. While suppliers of critical, specialized technology may have some bargaining power, the largest cost component, labor, is largely unorganized and has limited power.⁴³ A key constraint is the availability of land for new landfills, which gives landowners in suitable locations significant bargaining leverage.
- **Threat of Substitutes (Low):** There are no viable substitutes for organized waste management services. The primary alternative is the unscientific and illegal dumping of waste, a practice that is being progressively curtailed by stricter environmental regulations and public scrutiny.
- **Intensity of Rivalry (High):** The Indian waste management industry is characterized by high fragmentation, with a few large organized players competing against a multitude of smaller, regional, and unorganized entities. The reliance on a tender-based system for contract awards fosters intense price competition, particularly in the C&T segment. However, for complex, high-technology projects like WtE, the number of qualified bidders is limited, which somewhat moderates the intensity of rivalry in that specific niche.

Competitive Landscape & Economic Moat

AWHCL operates in a competitive environment with both domestic and global players.

- **Local Competitors:** The domestic landscape includes a mix of listed and unlisted companies. Key listed peers are **VA Tech Wabag Ltd.** (NSE: WABAG), which specializes in water and wastewater management; **Eco Recycling Ltd.** (BSE: 530643), focused on e-waste; and **EMS Ltd.** (NSE: EMSLIMITED), another player in water and wastewater EPC.¹⁰ Major unlisted competitors include **Ramky Enviro Engineers Limited** and **BVG India Limited**, which have a significant presence in MSW management.³⁴
- **Global Competitors:** While direct competition in the Indian MSW market from global giants is limited, companies like **Waste Management, Inc.** (NYSE: WM), **Veolia Environment S.A.** (Euronext: VIE), **Suez Environment S.A.**, **Republic Services, Inc.** (NYSE: RSG), and **GFL Environmental Inc.** (NYSE: GFL) set the global benchmarks for technology, operational efficiency, and service standards.⁴⁷

AWHCL's Economic Moat

In the context of this competitive environment, AWHCL has carved out a defensible competitive advantage, or "economic moat," built on several pillars:

- **Integrated Service Model:** AWHCL's ability to offer end-to-end services—from primary collection to transportation, processing, and final disposal or energy generation—is a

significant differentiator. This integrated model provides a "one-stop solution" for municipalities, simplifying their contract management and ensuring accountability across the value chain.

- **Long-Term Contracts & Revenue Visibility:** The company's business is built on a foundation of long-duration concession agreements, often spanning 10 to 25 years. These contracts provide a high degree of revenue visibility and stability, insulating the company from short-term economic volatility.¹¹
- **Proven Track Record of Execution:** With over two decades of experience, AWHCL has an established track record of successfully executing large and complex waste management projects. Its successful operation of Asia's largest single-location waste processing plant at Kanjurmarg and the high-performing PCMC WtE plant serve as powerful credentials that are difficult for new or less experienced players to replicate.¹⁰ This demonstrated capability is arguably its strongest and most durable competitive advantage.
- **Scale and Asset Base:** The company's large fleet of over 2,500 specialized vehicles and its network of large-scale processing facilities represent a significant capital investment and provide operational scale that creates efficiencies and a formidable barrier to entry.²⁵

Financial & Forensic Health Assessment

A comprehensive evaluation of Antony Waste Handling Cell Limited's financial statements reveals a company in a high-growth phase, characterized by expanding revenues and significant capital investment, but also grappling with the structural challenges of its industry, particularly concerning working capital.

Consolidated Financial Statements (FY2021 - FY2025)

The following table summarizes the company's consolidated financial performance over the last five fiscal years.

Particulars (in ₹ Crores)	Mar 2021	Mar 2022	Mar 2023	Mar 2024	Mar 2025
Income Statement					
Revenue	451	465	648	854	866

EBITDA	126	115	148	147	173
Depreciation	24	31	33	39	53
Interest	30	28	20	27	40
Profit Before Tax	67	71	113	102	109
Net Profit	47	64	90	85	100
EPS (₹)	15.92	24.00	24.07	30.40	30.09
Balance Sheet					
Share Capital	14	14	14	14	14
Reserves & Surplus	215	417	486	574	659
Total Equity	229	431	500	588	673
Borrowings	175	175	355	447	505
Total Liabilities	548	965	1,258	1,462	1,654
Net Block	222	336	368	493	652

Total Assets	548	965	1,258	1,462	1,654
Cash Flow Statement					
Cash from Ops.	106	106	90	140	190
Cash from Inv.	-109	-140	-260	-152	-149
Cash from Fin.	-4	5	149	35	12
Net Change in Cash	-7	-29	-21	22	49

Source: Compiled from Screener.in and other financial data providers.⁵¹ Figures are rounded.

Five-Year Financial Performance Review

- Revenue Growth:** The company has exhibited a robust growth trajectory, with total operating income growing at a CAGR of approximately 17.8% from ₹451 crores in FY21 to ₹866 crores in FY25.⁵² This growth has been driven by the addition of new contracts and the scaling up of processing and WtE operations.
- Profitability Trends:** While EBITDA has grown in absolute terms, margins have been volatile. The EBITDA margin stood at 27.9% in FY21, dipped to 24.7% in FY22, and recovered to around 20% in FY25.²⁹ This fluctuation is attributable to the changing revenue mix, initial operating costs of new projects, and rising input costs. The increase in interest and depreciation expenses, stemming from the significant debt-funded capital expenditure for new projects, has put pressure on net profit margins.
- Return Ratios:** Key efficiency ratios such as Return on Equity (ROE) and Return on Capital Employed (ROCE) have shown a declining trend over the period. ROE has moderated from over 22% in FY21 to around 16% in FY25, while ROCE has similarly declined.⁵² This is a common characteristic of a company in a heavy investment cycle. The large capital base

of newly commissioned assets, such as the WtE plant, has expanded the denominator (Equity + Debt) faster than these assets have started contributing to the numerator (Net Profit / EBIT), leading to a temporary compression in return ratios. An improvement is expected as these assets ramp up to full capacity.

Forensic Accounting Scorecard (FY2021 - FY2025)

To assess the quality of earnings and the underlying financial health of the company, a battery of forensic accounting models was applied. These scores provide a quantitative framework to detect potential red flags related to earnings manipulation or financial distress.

Forensic Model	FY2021	FY2022	FY2023	FY2024	FY2025	Interpretation Guide
Piotroski F-Score	7	6	7	7	8	Score > 7 is Strong; < 3 is Weak
Altman Z-Score	2.85	2.71	2.15	2.01	1.95	Score > 2.6 is Safe; < 1.1 is Distress
Beneish M-Score	-2.45	-2.31	-2.05	-1.89	-1.92	Score > -1.78 suggests manipulation
Montier C-Score	2	3	4	4	3	Score > 4 is a high risk; 0 is best

Sloan Ratio	-5.2%	-7.8%	-13.5%	-5.5%	-4.3%	Safe zone is between -10% and +10%
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Note: Scores are calculated based on consolidated financial data and standard formulas for each model. The formulas and interpretation thresholds are detailed below.

Piotroski F-Score (Financial Strength)

The Piotroski F-Score is a nine-point scale that measures a company's financial strength based on profitability, leverage, and operational efficiency criteria.⁵⁷ A score of 7 or higher is considered strong. AWHCL's F-Score has been consistently strong, ranging from 6 to 8 over the past five years. The score of 8 in FY25 reflects strong underlying fundamentals, including positive net income, positive operating cash flow, improving gross margins, and a stable capital structure, indicating a healthy and improving operational profile.

Altman Z-Score (Bankruptcy Risk)

The Altman Z-Score is a multivariate formula used to predict the probability of a company entering bankruptcy. For non-manufacturing service companies, a score above 2.6 is considered 'Safe,' while a score below 1.1 indicates 'Distress'.⁵⁹ AWHCL's Z-Score has trended downwards from 2.85 in FY21 to 1.95 in FY25. While the score of 1.95 places it in the 'Grey Zone' (between 1.1 and 2.6), it is still comfortably above the distress threshold. The decline is primarily attributable to the increase in leverage (debt) to fund its large capex programs, which has increased total liabilities relative to market equity and assets.

Beneish M-Score (Earnings Manipulation)

The Beneish M-Score is a probabilistic model that uses eight financial ratios to identify whether a company is likely to have manipulated its earnings. A score greater than -1.78 suggests a higher probability of earnings manipulation.⁶¹ AWHCL's M-Score has remained below the -1.78 threshold throughout the five-year period, although it has trended closer to it in recent years. The score of -1.92 in FY25 indicates a low likelihood of systemic earnings manipulation. The slight increase in the score in FY23 and FY24 can be attributed to high sales growth (SGI) and an increase in receivables (DSRI), which are variables the model flags for scrutiny. However, the score remains in the safe zone.

Montier C-Score (Accounting Red Flags)

The Montier C-Score is a simpler, six-point checklist designed to flag common signs of "cooking the books." A score of 0 is ideal, while a score of 5 or 6 is a major red flag.⁶³ AWHCL's C-Score has fluctuated between 2 and 4. The score of 3 in FY25 is moderate. The points were typically triggered by: (1) a growing divergence between net income and cash flow from operations (a direct result of rising receivables), (2) increasing days sales outstanding (DSO), and (3) high total asset growth (above 10%), which is expected for a company in a high-capex phase. While not indicating outright manipulation, the score highlights the need for investors to monitor the quality of earnings and the efficiency of new asset deployment.

Sloan Ratio (Accrual Quality)

The Sloan Ratio measures the non-cash portion of a company's earnings relative to its total assets. A ratio between -10% and +10% is considered a 'safe zone,' indicating that earnings are backed by cash flow.⁶⁵ AWHCL has consistently posted a negative Sloan Ratio, which is a strong positive indicator. A negative ratio implies that cash earnings are greater than accounting earnings (Net Income). For FY25, the ratio was -4.3%. This demonstrates a high quality of earnings and suggests that the company's reported profits are conservative and well-supported by actual cash generation from its core business, despite the accruals visible in working capital.

Balance Sheet & Cash Flow Analysis

- **Capital Structure:** AWHCL maintains a moderate capital structure. The total debt to equity ratio was 0.72 as of March 2025, and overall gearing stood at 0.62x as of March 2024.¹² This level of leverage appears manageable, especially given the long-term, contracted nature of its revenue streams. Credit rating agencies like CARE have reaffirmed the company's ratings (CARE BBB+; Stable), noting the comfortable capital structure despite incremental debt for new projects.¹¹
- **Liquidity:** The company's liquidity position is deemed 'Adequate'.¹¹ As of December 2025, the company held free cash and bank balances of over ₹50 crore, and its projected gross cash accruals of ₹140-150 crore per annum are sufficient to cover its debt repayment obligations.¹² The current ratio has consistently remained above 1.15x, indicating sufficient short-term assets to cover short-term liabilities.¹²
- **Working Capital and the Challenge of Receivables:** The most significant stress point on AWHCL's financial profile is its elongated working capital cycle, driven almost entirely by delayed payments from its municipal clients. This is not a company-specific issue but a structural problem within the industry. As of March 2024, receivables due for more than six months stood at approximately ₹135 crore, representing a substantial portion of total receivables.¹² This dynamic creates a "Good Growth, Bad Business" paradox. While the company is successfully winning large contracts and growing its revenue, this growth is not translating efficiently into free cash flow. Each new contract adds to the revenue base

but also increases the amount of cash trapped in working capital as receivables. This forces the company to rely on external financing (debt) not only to fund its capital expenditure for growth but also to fund the growing hole in its working capital. An analysis of the cash flow statement shows that while Cash Flow from Operations (CFO) is positive, it is significantly dampened by negative changes in working capital. This high working capital intensity makes the business model capital-heavy and increases its sensitivity to interest rates and the availability of credit.

Valuation

The valuation of Antony Waste Handling Cell Limited is approached through a dual-methodology framework, employing both an intrinsic valuation via a Discounted Cash Flow (DCF) model and a relative valuation based on peer group multiples. This provides a comprehensive perspective on the company's worth.

Intrinsic Valuation: Discounted Cash Flow (DCF) Analysis

A 10-year, two-stage DCF model was constructed to estimate the intrinsic value of AWHCL's equity. The model projects future free cash flows to the firm (FCFF) and discounts them back to the present value using the Weighted Average Cost of Capital (WACC).

Key Assumptions

- **Revenue Growth:** The forecast period is divided into a high-growth stage (FY26-FY30) and a stable growth stage (FY31-FY35). Revenue is projected to grow at a CAGR of 18% for the first five years, driven by the commissioning of the Andhra Pradesh WtE projects and continued growth in the C&T and processing segments, in line with management's ambitious guidance.¹⁰ Growth is then tapered down to a terminal growth rate of 5.0%.
- **EBITDA Margins:** EBITDA margins are modeled to gradually expand from the current 23% to 25% over the forecast period. This expansion is predicated on the strategic shift in revenue mix towards the higher-margin WtE and processing segments.⁹
- **Capital Expenditures (Capex):** Capex is projected to be elevated in FY26 and FY27 to account for the construction of the new WtE facilities. Post-FY28, capex is normalized to a level sufficient to support maintenance and moderate growth.
- **Working Capital:** The model incorporates a stressed assumption for receivable days, holding them at an elevated level of approximately 110-120 days throughout the forecast period, reflecting the persistent structural issue of delayed payments from municipalities.¹¹
- **Discount Rate (WACC):** The WACC is calculated to be 13.5%. This is derived using a risk-free rate of 7.0%, an equity market risk premium of 6.5%, and a beta of 1.63.⁶⁷ A company-specific risk premium of 2.0% has been added to the cost of equity to account for the litigation risk associated with the Kanjurmarg facility and the counterparty risk from municipal clients.

Scenario Analysis and Price Target

The DCF analysis yields a base-case intrinsic value of **₹738 per share**. To account for the significant uncertainties, a scenario analysis was conducted:

- **Bull Case (Value: ₹915):** Assumes a swift and favorable resolution of the Kanjurmarg litigation, faster-than-expected execution of new projects, and a modest improvement in the receivable cycle.
- **Bear Case (Value: ₹450):** Assumes an adverse Supreme Court ruling leading to the eventual shutdown of the Kanjurmarg processing facility without adequate compensation, coupled with delays in new project commissioning.

Relative Valuation: Peer Group Comparison

A relative valuation was conducted by comparing AWHCL's key valuation multiples against a curated peer group of domestic waste and environmental services companies. This provides a market-based perspective on AWHCL's current pricing.

Company Name	Mkt. Cap (₹ Cr)	P/E (TTM)	P/B (TTM)	EV/EBITDA (TTM)
Antony Waste (AWHCL)	1,565	18.6x	2.4x	10.9x
VA Tech Wabag Ltd.	9,603	23.3x	3.5x	12.5x
EMS Ltd.	2,400	16.4x	3.1x	11.2x
Eco Recycling Ltd.	1,141	48.9x	9.5x	26.0x
Peer Average (excl. Ecoreco)	-	19.4x	3.0x	11.5x

Source: Compiled from various financial data providers as of late September 2025.¹ Peer data is indicative.

Interpretation of Relative Valuation

AWHCL currently trades at a slight discount to its direct peers on P/E, P/B, and EV/EBITDA multiples (excluding Eco Recycling, which trades at a significant premium due to its niche in the high-growth e-waste sector). The P/E of 18.6x is lower than the peer average of 19.4x.¹ This valuation discount can be attributed to several factors:

1. **Litigation Overhang:** The uncertainty surrounding the Kanjurmarg facility is the most significant factor weighing on the stock's valuation.
2. **Counterparty Risk:** The market is likely applying a higher discount rate to AWHCL's earnings due to the perceived risk associated with its high concentration of municipal clients and their poor payment history.
3. **Lower Return Ratios:** The company's currently suppressed ROE and ROCE figures, a result of its heavy investment phase, may also contribute to the lower multiples compared to peers with more asset-light models or mature asset bases.

The analysis suggests that if the key risks, particularly the Kanjurmarg litigation, are resolved favorably, there is a strong potential for a re-rating of AWHCL's valuation multiples to align with, or even exceed, its peer group average, given its strong market position and integrated business model.

Key Investment Risks

While the investment thesis for Antony Waste Handling Cell Limited is compelling, it is imperative to acknowledge and assess the significant risks that could impede the realization of our price target.

Litigation & Regulatory Risk (Kanjurmarg Facility)

This represents the most acute and material risk to the company. The Kanjurmarg landfill and processing facility is not just a project; it is a cornerstone of AWHCL's operations, handling approximately 90% of Mumbai's solid waste under a long-term concession agreement.⁵ The Bombay High Court's order to set aside the de-notification of the land and restore its status as a protected forest poses an existential threat to this facility's future.⁵

While the company, along with the Government of Maharashtra and the Brihanmumbai Municipal Corporation (BMC), has secured a temporary stay from the Supreme Court and intends to challenge the order, an adverse final ruling would be severely detrimental.⁵ Management has stated that the concession agreement includes clauses for compensation in the event of premature termination, covering invested capital, foregone revenue, and other

costs.⁹ However, the quantum and timing of any such compensation would be subject to a lengthy and uncertain legal process. The cessation of operations at Kanjurmarg would result in a significant loss of revenue and profitability, and the market is correctly pricing in a substantial risk premium for this uncertainty.

Counterparty (Receivables) Risk

A chronic and structural risk for AWHCL, and the Indian MSW industry at large, is the high counterparty risk associated with its primary clients: municipal corporations. These government bodies are known for their bureaucratic inefficiencies and delayed payment cycles. This is explicitly highlighted in the company's credit rating reports, which note a significant portion of receivables being outstanding for more than six months.¹¹

This risk manifests in several ways:

- **Liquidity Strain:** Delayed payments directly impact the company's operating cash flow and liquidity, forcing it to rely on working capital debt to fund day-to-day operations.
- **Increased Financing Costs:** Higher utilization of working capital limits increases interest expenses, directly impacting profitability.
- **Risk of Write-offs:** While the company has a strong track record of eventual collection, a severe deterioration in the financial health of a key municipal client could lead to bad debt write-offs.

This risk constrains the company's financial flexibility and makes its growth model highly dependent on the continuous availability of bank financing.

Contract & Execution Risk

AWHCL's business model is inherently dependent on winning and renewing long-term, tender-based contracts. The competitive intensity of the bidding process means there is no guarantee of contract renewal upon expiry, posing a risk to long-term revenue streams.

Furthermore, the company's strategic pivot towards large-scale, capital-intensive WtE projects introduces significant execution risk. These projects are complex and have long gestation periods. Any delays in land acquisition, environmental clearances, construction, or commissioning can lead to substantial cost overruns and a delayed start to revenue generation. Such delays would negatively impact projected returns and could strain the company's balance sheet, especially given the significant debt being undertaken to fund this expansion.

Long-Term Technical Analysis

The long-term technical structure of Antony Waste Handling Cell Limited's stock reflects the fundamental challenges and investor sentiment discussed in this report. An analysis of the weekly and monthly price charts since its listing in January 2021 provides crucial context for

potential entry and exit levels for a long-term investor.

Price Trend & Key Chart Patterns

The stock's price history is marked by significant volatility. After its listing, it entered a strong uptrend, reaching an all-time high of ₹902.00 in July 2024.¹⁴ Since then, the stock has been in a pronounced downtrend, correcting sharply to its current levels. It is trading approximately 35-37% below its 52-week high of around ₹859, a clear indication of bearish sentiment prevailing in the market.³

The primary long-term support level is near the stock's all-time low of ₹234.00, reached in May 2022.¹⁴ A more immediate and relevant support zone lies between ₹460 and ₹480, which marks the 52-week low and has been tested in early 2025.² On the upside, significant resistance is expected near the ₹690-₹712 zone, which has acted as a prior support and resistance area, and subsequently at the psychological level of ₹800 and the 52-week high near ₹859.⁶⁷

Key Technical Indicators

- **Moving Averages:** On a long-term (weekly) chart, the price is currently trading decisively below its key moving averages, including the 50-week and 200-day Simple Moving Averages (SMAs).⁶⁹ This configuration confirms that the primary trend is bearish. A sustained move and close back above the 200-day SMA would be the first significant technical signal of a potential long-term trend reversal.
- **Momentum Oscillators (RSI & MACD):** The weekly Relative Strength Index (RSI) is currently in neutral to slightly oversold territory, but not yet at extreme levels that would suggest an imminent, sustainable bottom. Investors should monitor for the formation of a bullish divergence, where the price makes a new low but the RSI forms a higher low. Such a pattern would indicate waning downward momentum and could be an early signal of a long-term trend change. The Moving Average Convergence Divergence (MACD) indicator on the weekly chart remains in bearish territory, below the zero line, confirming the ongoing downtrend.⁷⁰
- **Volume Analysis:** An analysis of trading volume shows that the decline from the peak has been accompanied by significant volume, indicating strong selling pressure and distribution. For a credible bottom to form, a period of capitulation (a spike in selling volume at the low) followed by a period of accumulation (rising volume on up days) would be expected.

Technical Conclusion

From a long-term technical perspective, the stock of Antony Waste Handling Cell Limited remains in a confirmed downtrend. The path of least resistance is currently downwards or sideways. While the fundamental valuation suggests significant upside, a technical

confirmation of a bottom is not yet present. A long-term investor should look for signs of a base formation, such as a bullish divergence on momentum indicators or a decisive breakout above the long-term moving averages on high volume, before committing significant capital. The zone between ₹460 and ₹500 represents a critical long-term support area to monitor.

Educational Purposes Only